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SUBJECT: NIGERIA, SUMMARY OF CURRENT ECONOMIC INFORMATION.

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GEOGRAPHY AND ECONOMY.

Area and Boundaries

The Colony and Protectorate of Nigeria, including the Cameroons under British trusteeship, is the largest of the British possessions in West Africa. It is bounded on the west and north by French West Africa, on the northeast by Lake Chad, on the east by the Cameroons under French trusteeship, and on the south by the Gulf of Guinea. The approximate area of the Colony and Protectorate, including the trust territory of the Cameroons, is 372,674 square miles - equal to the combined area of Texas, Oklahoma, and Arkansas.

Topography

The Niger and Benue river valleys form the major divisional lines of Nigeria, defining northern, southern, and eastern zones. The northern zone consists of a desert fringe and an undulating plateau in the center, rising to heights of 6,000 feet in places. In the north of the Cameroons area begins the central African plateau, extending generally down the eastern border of Nigeria, and culminating near the sea in the recently active volcanic mountain of Victoria, 13,350 feet high. The remainder of the eastern area and all of the southern zones consist of flat ground rising gradually into more hilly country. The only other feature of note is the Niger delta, highly developed, and topographically similar to the Mississippi delta.

Climate:

A belt of mangrove forest and swamp follows the coastline, varying in width from 20 to 60 miles. Annual rainfall in this area is less than 45 inches in the west, but increases to more than 300 inches in the Cameroon Mountain Area. The annual mean temperature of this belt is 80 degrees with comparatively small seasonal variations.

Beyond the swamp area lies a belt of tropical forest, very rich in oil palms, and varying from 50 to 100 miles in width. The approximate annual rainfall in this area is 40 inches in the

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West, rising to 80 in the East. Mean annual temperature of this region is between 75 and 80 degrees, with moderate seasonal variations.

North of the forest belt the area becomes more open, park-like and hilly - a savannah area - with decreasing rainfall and increasing annual and daily temperature variations. This area merges into the vast undulating plateau of the northern area, becoming drier until the thorny desert stretches of the extreme north, which are actually southerly extensions of the Sahara, are reached. Rainfall in this area goes below 30 inches per year in places. The daily temperature variation becomes very marked, although the mean annual temperature remains at the Nigerian average of 70 to 80 degrees.

Seasons are usually well marked all over Nigeria. The dry season, with its attendant dusty winds from the Sahara, begins in the north in October and ends in April. In the south it lasts from November to March with less marked Sahara winds. The rainy season is marked by frequent heavy rains that decrease away from the coast.

Population

The population has been increasing rather rapidly. The total, estimated at 19,766,914 in 1938, probably was well over 25,000,000 in 1949. The nonnative population in 1938 was estimated at 5,442, mostly Europeans and Syrians, with a sprinkling of Asiatics. By the end of 1949 this figure had increased to about twice that number. The estimated populations of the three largest cities in 1949 were as follows: Ibadan, 335,000; Lagos, the capital, 230,000 and Kano in the north, 102,064.

In the north, the majority of the people are Moslems although there are pagan "islands". In the south Christianity is fairly well-entrenched although paganism predominates and Moslemism is strong in large areas. The basic racial strain is that of the indigenous Congo-type negro, although successive waves of Berber and other Mediterranean stocks have been absorbed in Northern Nigeria. More than three-fourths of the population are private agriculturists and herdsmen.

Form of Government:

The basis of present Nigeria was proclaimed in 1914, when the Protectorate of Northern Nigeria was amalgamated with the Colony and Protectorate of Southern Nigeria.

For administrative purposes, the country is divided into four main areas: The Lagos Colony Area governed direct by the British with the aid of elected native representatives; the Western Provinces

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and the Eastern Provinces administered by British Residents with the aid of native authorities; and in the Northern Provinces where larger and more powerful native authorities rule with the aid of British Residents. Each of the four principal administrative divisions of Nigeria has a British Commissioner, who is subject to the final control and authority of the Governor.

The Governor of Nigeria is assisted by the Legislative Council, consisting of appointed members and Government officials, and elected natives; and an Executive Council of British Officials and prominent appointed Africans.

In each of the three groups of Provinces there are Houses of Assembly consisting of European officials, native authorities and unofficial members. These Houses of Assembly have some financial powers and elect certain members of the Legislative Council. Houses of Chiefs exist in the Northern and Western Provinces.

Under the new constitution, which came into effect January 1, 1947, the Africans are given a majority representation in all Nigerian parliamentary bodies. Absolute detailed power is still retained by the Governor, however.

This new constitution has been the subject of discussion throughout 1949 and at the March, 1950 session of the Legislative Council it is planned to coordinate revisions which have been proposed as a result of meetings and discussions held throughout the country.

Production.

The economy of Nigeria is basically agricultural supplemented by forest products, minerals and animal husbandry. Although the prosperity of the country depends largely on agricultural exports, the production of food crops is a major feature of local agriculture and gives the country a measure of self-sufficiency insofar as native food requirements are concerned.

The chief food crops are yams, maize and cassava in the south and grain shorgum, peanuts and millet in the north. All farming is done on an extremely small scale with the average plot consisting of less than three acres. There are no large plantations with the exception of one or two rubber and palm oil plantations in the Benin area although in the Cameroons under British trusteeship there are about 250,000 acres of banana, oil palms, rubber and cocoa plantations which are managed by the Cameroons Development Corporation, a semi-Government company. Native methods of cultivation are primitive and it is exceedingly difficult to estimate the cultivated acreage, number of farms or crop yields. It is estimated that only one fifth of the arable land of Nigeria is under cultivation in any one year.

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The major export crops of Nigeria are palm kernels and oil, peanuts, and cocoa which are roughly centralized in the Eastern, Northern and Western Provinces respectively. These crops plus cotton and sesame are controlled by Government Marketing Boards which purchase all available quantities of these commodities at established, posted prices through appointed buying agents. The exports are then sold by the Marketing Boards at world prices which so far have been substantially in excess of the prices established within Nigeria; the difference is used to build up reserve funds to be used to cushion the shock of anticipated declines in world prices. These monies are also used to develop the production of the various agricultural crops; in 1949 some £4,600,000 were allocated to the three regions of Nigeria for this purpose.

Palm kernels which grow wild throughout the tropical forest area and are particularly dense in the Eastern Provinces, are the largest single export item; exports amounted to 352,000 tons in 1949. Exports of palm oil extracted in Nigeria in the same year, mostly by the laborious pestle-mortar method, amounted to about 160,000 tons, a new high. Handpresses and the larger, more efficient and costly Pioneer Oil Mill are being introduced by the Government throughout this area in the hopes of increasing both the quality and quantity of the oil. All exports of palm produce are by agreement to be sold to the United Kingdom for a three-year period which began late in 1949.

Peanuts are grown throughout the Northern Provinces as is cotton. In 1949 about 352,000 tons of peanuts were purchased by the Oilseeds Marketing Board for export but because of the great stress and strain to which the railroad system was subjected during the war the rail stock was inadequate to transport promptly all the crop to seaports for shipping. It is believed this congestion will be eliminated by the end of 1950. Sesame is still a minor crop grown in the Northern Provinces but subject to control by the Oilseeds Marketing Board which is encouraging its production; this has steadily increased since the war and in 1949 over 15,000 tons were exported. Cotton is under the control of the Cotton Marketing Board and is being especially encouraged by the British Cotton Growing Association. Over 19,000,000 lbs were exported in 1949. All exports of peanuts, sesame, and cotton were sold to the United Kingdom by an agreement with the Marketing Boards; this agreement is believed likely to be extended indefinitely.

Cocoa which is grown mainly in the Western Provinces and to some extent in the British Cameroons is Nigeria's main dollar earner. Exports in 1949 were 107,000 tons and are expected to be only slightly less in 1950. The United States normally purchases about 40 percent of the crop. Cocoa trees have been affected by swollen shoot a serious disease which apparently can only be controlled and eradicated by cutting out the trees. However, an extensive and costly campaign appears to be making substantial progress in stamping out this disease.

Bananas grown in the British section of the Cameroons constitute the major export from that area. Over 5,800,000 stems were exported in 1949, all of which were purchased by the British Ministry of Food. The plantations are being expanded and it is hoped to increase the annual yield to 8,000,000 stems.

Forest Products

All the exotic timbers of Nigeria are found in the Benin-Sapele area. The mahogany produced there is very popular in the United Kingdom and Europe and is used in the making of furniture as well as for plywood. It is estimated that over 4,250,000 cubic feet of timber was exported in 1949 most of which was sold to Great Britain. Very little Nigerian timber has been sold to the United States since the war which is probably attributable to unfortunate trade practices by either unscrupulous or inexperienced Nigerian firms. Recently the Government initiated a voluntary inspection scheme which it is hoped will eventually correct such abuses. Indications were that exports to the United States had increased in the first three months of 1950.

Considerable experimentation is now going on on types of Nigerian timber about which little is known. It is estimated that the number of excellent mahogany logs suitable for plywood is being rapidly depleted and accordingly searches are under way to discover less obvious but nontheless valuable woods to replace the loss of the mahogany logs.

Minerals

Tin, Nigeria's most valuable mineral deposit, is centralized on the Jos Plateau. Normal yearly exports are 12,000 tons; this was exceeded by but 171 tons in 1949; all exports are sent to the United Kingdom. Estimates of reserves vary but it is conservatively estimated that present production can be maintained for at least another ten years after which a gradual decline can be anticipated.

Columbite is Nigeria's second most valuable mineral export; annual production hovers around 1,000 tons a year, most of which usually goes to the United States and some to Great Britain. Only 888 tons were mined in 1949. Nigeria is said to have well over 95% of the known deposits of this ore.

Surveys of well-known but heretofore unworked deposits of lead/zinc which are located about 60 miles outside Enugu, provincial capital in the East, indicate that a valuable addition may soon be made to the list of Nigeria's minerals. Diamond drillings are being conducted and prospecting shafts sunk in an effort to assay the value and extent of the deposits.

Coal mines in Enugu meet all of Nigeria's needs and a small quantity is exported to neighboring British territories. Annual

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production is normally around 600,000 tons but in 1949 only 524,007 tons were extracted largely because of prolonged strikes and slow-downs. Reserves of coal are estimated at from 17,000,000 to 20,000,000 tons. It is believed more coal could be exported if prices could be reduced but until modern machinery is introduced price reductions seem less likely than continuing increases.

Small quantities of gold (2858 troy ozs. in 1949) silver (343 troy ozs. in 1949), wolfram (5 tons, 1949) and tantalite (2 tons, 1949) were also produced.

Animal Husbandry:

No accurate estimates have been made of Nigeria's livestock; a commission which came from Great Britain in 1949 to conduct a survey of the industry concluded after an extensive tour and study that there were from 7,000,000 to 8,000,000 cattle, mostly in the Northern Provinces where they are regarded as a symbol of wealth by the indigenous population. It is believed that annual slaughter is from 650,000 to 750,000 heads. Exports of cattle hides have always been large; indications are that the industry will continue to expand. Until the end of 1949 all hides exported had to be sold to the British Board of Trade. In the first three months of 1950, after the freeing of controls, substantial quantities were sold to the United States. Prices had also been controlled under the export arrangements but the dual effect of devaluation and no restrictions brought about record high prices which represented an estimated 25 percent increase in the first three months of 1950.

Normally about 5,000,000 goat and 1,000,000 sheepskins are exported each year, mostly untanned. A substantial quantity has normally been sold to the United States. Hides and skins are Nigeria's second best dollar earner and indications are that exports to the United States will increase. Small quantities of reptile, leopard and other skins are also exported.

INDUSTRIALIZATION AND DEVELOPMENT PLANS.

Industrialization in Nigeria is still on a very slight scale but in view of the backwardness of the country substantial progress has been made by private investors since the war. A sizable plywood factory and new modern sawmill in Sapele have been constructed by a subsidiary of the United Africa Company; a new cigarette factory in Ibadan was recently opened by the British-American Tobacco Company; as were a brewery in Lagos and a peanut oil expressing plant in Kano. These factories all have the latest and most modern equipment available and at the present time are being managed and supervised by imported European help. This has greatly increased costs and until Nigerians can be trained and used to manage the complicated machinery it is thought that costs of production will be but slightly

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lower than those prevailing in Europe. Plans are under way to erect another peanut oil expressing plant, a sack factory which plans to use a large percentage of locally grown fibers and a match factory. Surveys are also under way to consider the feasibility of making Kerosene and Cement in Nigeria.

Government plans for the development and expansion of Nigeria have been formulated on a ten-year plan to improve the medical, health, and educational services, water supplies, roads, communications and other basic services which Nigeria needs so urgently. In 1945 this plan was estimated to cost £55,000,000 which was to be borne in part by the British Government, partially by the Nigerian Government, and loans were to be floated for the balance. Early in 1950 it was announced that costs had risen so sharply since the plan was drawn up that costs would now be nearer £90,000,000 and since the increased sum was not available the plan is being reviewed and revised.

To supplement the Ten-year Development and Welfare Plan the Government has been aided by sunstantial grants from the various Marketing Boards which have allocated funds on a regional basis. By the end of 1949 the Oilseeds and Cotton Marketing Boards had allocated nearly £2,000,000 to the Northern Provinces to be used for the establishment of a pool of agricultural machinery, a substantial quantity of artificial fertilizer, and for the expansion of rice fields. The Palm Produce Marketing Board has granted £1,600,000 to the Eastern Provinces most of which will probably be spent on small hand mills and largermachinery for the extraction of palm oil. It is planned to distribute the larger mills, each unit of which costs about £5,500, throughout the palm belt; it is hoped to turn these mills over to competent African businessmen as quickly as is possible on a loan-mortgage basis. Seven such mills were in operation at the end of 1949 and fifty more were on order and expected early in 1950. In the Western Provinces the Cocoa Marketing Board has spent nearly £1,000,000 on the eradication of swollen shoot disease, research on cocoa cultivation and on the education of cocoa farmer's children, preferably in agriculture. Money has also been spent on improving or building roads over which cocoa is transported.

The Government has also accepted an agricultural scheme which is being conducted in Niger Province by the Colonial Development Corporation. This is a 30,000-acre plot on which it is planned to rotate a cereal, oilseed (probably peanuts), and grass which will enrich the soil. This scheme was started in early 1949 and at the end of a year about 3,000 acres of land had been cleared ready for planting in April.

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TRANSPORTATION

Railways

The Nigerian Railway system is Government-owned. Roughly "X" in shape it connects the eastern and western parts of the Northern Provinces with the two main ports of Nigeria: Lagos and Port Harcourt. The total length of track is 1,903 miles nearly all of which is 3'6". At the end of 1949 there were 269 Locomotives, 202 passenger coaches and 3,532 freight cars in use, a large part of which are post-war replacements more of which are on order.

The total capital expenditure on the Nigerian Government Railway (including road motor services operated by the railroad) up to March 31, 1950, amounted to over £25,000,000. In 1949 capital expenditures amounted to £4,800,000 of which the major portion was spent on 39 new locomotives, 291 new freight cars and 12 passenger coaches. Surveys are now under way over a 230-mile extension of the present network from Nguru to Maiduguri which should be open for use in 1953 or 1954; this extension will open up the entire northeast region including the Lake Chad area. The estimated cost of the new line is £2,400,000.

Waterways:

There are 4,000 miles of navigable inland waterways of Nigeria consisting of coastal and tidal creeks and the main rivers: The Niger and The Cross. The Nigerian Marine Department maintains service between Lagos/Warri-Forcados, Port Harcourt/Akassa and Port Harcourt/Opobo, as well as ferry services across the Niger at Asaba-Onitsha; and across the Kaduna River near Bida; from Lagos to the Apapa side of the port of Lagos; and on the Sapele/Benin road. The Niger is navigable 537 miles up stream to Jebba with a maximum draught of 6 feet during the dry season and considerably higher from July to October. The Benue River is navigable for 547 miles from Lokoja to Garua in the French Cameroons. The Cross River is navigable for vessels with a draught not exceeding 10 feet from July to October as far as Ikom 200 miles from Calabar and in September vessels drawing 7' 6" can reach Mamfe a further 85 miles; from November to June it is only navigable for flat bottomed craft of less than 2 feet. There is an extensive network of creek and delta waterways connecting Port Harcourt and Lagos, and Lagos with neighboring French Dahomey which are used for native transport.

Highways

There is a well-developed road system consisting of 18,400 miles of all-weather roads and an additional 5,500 miles of dry season roads. Some 760 miles of roads are macadam type connecting Lagos-Ibadan-Ilorin and Onitsha and Enugu; about 50 miles of a projected Kano-Katsina macadam type road had been completed by the

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beginning of 1950. Trunk roads of laterite surfacing crisscross Nigeria from the shores of Lake Chad to Lagos and from Sokoto to Port Harcourt, with many subsidiary routes. Substantial progress has been made on two direct North-South routes and there are already completed horizontal routes crossing the north, central and southern regions of Nigeria. In 1949 a road connecting Nigeria with the southern part of the Cameroons was opened for the first time and plans have been announced for the construction of a more adequate road system throughout the Cameroons which is now poorly served. Camel caravan routes extend northward from Kano and Sokoto and the entire country is covered by an intricate network of paths and tracks used by the natives.

Air Routes

British Overseas Airways offers five services a week each way between Lagos and London; Air France has a weekly service between Paris and Lagos; KLM and Sabena stop at Kano on their routes from Europe to Leopoldville and Johannesburg; and both Air France and West African Airways offer good services up and down the west coast. Internally all urban centers and provincial capitals of Nigeria are now provided by plane service operated by the Government-owned West African Airways Corporation. Nigeria boasts it has the cheapest internal air postal rates in the world since it charges only a penny a half ounce.

Ports

The principal ports are Lagos, which is situated on an island in a large lagoon, and Port Harcourt, on the Bonny River. The Apapa wharves at Lagos can accommodate ships of 26-foot draught. Major ship repairs can be effected at the Port of Lagos, which has the following facilities for dry docking and repairing vessels: A dock with lifting capacity of 3,600 tons taking vessels drawing 16 feet; two Government slipways, one with a capacity of 400 tons and one of 60 tons; and one commercially owned slipway with a capacity of 120 tons. Port Harcourt can accommodate ships of 24-foot draught. Minor ship repairs can be carried out by the Nigerian Marine Department, which maintains a Government slipway at Port Harcourt with a capacity of 40 tons. In addition to Lagos and Port Harcourt, other ports include Forcados, Burutu, Warri, and Calabar, plus Victoria in the British Cameroons. None of these, however, provide deep anchorage.

Complete details of port facilities at the Port of Lagos and Port Harcourt can be obtained from the British Commonwealth Division, Office of International Trade, Department of Commerce, Washington 25, D.C.

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Communications

There is a well-developed telephone and telegraph system which is constantly being expanded; telephone facilities are available in all important urban centers and there are adequate long distance connections within each of the three provincial regions. Early in 1950 there were 3,400 instruments in Lagos and an additional 2,754 throughout the rest of the country; there were 73 trunk lines totaling 9,000 miles. A dial system is planned for Port Harcourt and Lagos on which work was begun in 1949. In the same year connections were inaugurated between Lagos via Accra to London from whence it was possible to speak to Northern Ireland, France, Holland, Belgium, Luxemburg, Denmark, Switzerland, Norway, Sweden, Finland, Czechoslovakia and Hungary.

Telegraph lines follow the lines of the railways and main roads and telegrams are accepted for transmission to all the stations on the eastern and western divisions of the railway as well as at all offices maintained by the Nigerian Posts and Telegraphs Department in all of the important towns. Service is sometimes slow but fairly reliable. There are direct wires to Pobe and Duala in French Territory. Direct cable communications are maintained at Lagos with Accra in the Gold Coast, Freetown in Sierra Leone, and Ascension Island (for connections to Europe and South Africa), Cotonou (for Dahomey), Fernando Po, Fort Lamy, Luanda, Principe and Sao Tome (for Angola and the Belgium Congo). A shipshore radio telegraph system is maintained at Lagos.

Currency

The currency of Nigeria, which is the same as that of the Gold Coast, Sierra Leone, and the Gambia, is linked to the British pound and is issued and controlled by the West African Currency Board with headquarters in London. The standard coin is the West African shilling and notes of 10 and 20 shillings are current, along with the West African shilling, sixpence, three pence, and penny and half-penny coins. In the Northern Provinces a coin worth one-tenth of a penny circulates. The last of the native currencies the iron "manilla" was bought up in 1948.

The established rate for the sale of dollars by local banks is 2.79 7/8 plus 1/8 percent exchange charge. Dollars are bought at 2.80 1/8 (T.T.) minus 1/8 percent and at 2.80⅛ minus 1/8 percent (M.T.). The standard exchange charge is 1% (M.T. or T.T.) for buying and ½% for selling. Customers are charged for cables and airmail incurred by the bank on the transaction. West African currency is freely convertible into sterling, subject to the usual bank commission

Owing to the shortage of available dollar exchange, in relation to demand, imports from the United States are rigorously controlled through licensing and exchange restrictions. Consequently, goods

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should not be shipped from the United States to Nigeria until assurances have been received that an import license has been issued and dollar exchange approved; otherwise the goods are subject to confiscation and the importer to a heavy fine.

Weights and Measures

Imperial weights and measures are the standard in Nigeria, including the long tons of 2,240 pounds, the hundred weight of 112 pounds and the imperial gallon which is equivalent to 1.2 United States gallon.

Banking and Insurance

Two banks, Barclay's Bank, Ltd. (Dominion, Colonial, and Overseas) and the Bank of British West Africa, Ltd., both with headquarters in London, handle most of Nigerian Banking. Late in 1949 the British and French Bank (for Commerce and Industry) opened a branch in Lagos. There are also four African-owned and operated banks of which the National Bank of Nigeria, Ltd. is the largest. The others are The Nigerian Farmers and Commercial Bank, Ltd., the Agbonmagbe Bank Ltd. and the African Continental Bank Ltd. Barclay's and the Bank of British West Africa and the National ank of Nigeria maintain branches and agencies in most of the principal towns of Nigeria. Commercial loan rates vary considerably with individual cases, but in general are quite reasonable.

One of the largest British insurance companies has a branch in Nigeria, and very special coverages may be obtained through London. A list of the usual types of insurance, together with a rough estimate of the average rate pertaining thereto, are as follows:

Fire (including lightning)	- ¼ to 1/3 ..	1%
Tornado and earthquake	- ¼ to 1/3 ..	1%
Loss of profits re above	- ¼ to 1/3 ..	1%
Comprehensive motor vehicle insurance including 3rd party	- $2,000 U.S. Auto	- $50.
Motor Vehicle, 3rd party only	- $2,000 U.S. Auto	- $12.
Personal accident	- $2,000 benefits	- $18.
Workmen's Compensation - on clerk's wages	3/20 of 1%	
Workmen's Compensation - on servants' wages	3/10 of 1%	
Life insurance, highest normal	- 2% for 5 years	
Marine insurance, average nonharzardous, U.S.A. - Lagos	- 1% to 3%.	

Foreign Trade

The foreign trade of Nigeria is based on the exportation of raw materials and the importation of consumer goods. Leading imports from all countries in the usual order of value are cotton manufactures (mostly piece goods), iron and steel manufactures (hardware, machinery including motor vehicles and parts) foodstuffs (fish, flour, rice,

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salt, canned goods), tobacco and cigarettes, petroleum products, bags and sacks, artificial silk goods, construction materials and equipment, and medicines and drugs. Among the leading exports of Nigeria are palm kernels and oil, groundnuts, tin ore, hides and skins, rubber, logs and timber, and spices. Exports of manufactured articles are negligible. The principal exports in 1948 and the first nine months of 1949, with their pound sterling value, are given in table I.

Table I. PRINCIPAL EXPORTS OF NIGERIA, 1948, 1949
(In pound sterling)

Commodity	1948	Jan. - Sept.1949
Cocoa	7,458,580	11,746,773
Palm Kernels	6,262,253	8,395,432
Palm Oil	3,880,653	4,056,172
Peanuts	6,785,330	7,967,957
Cotton lint	400,918	429,961
Sesame	113,538	219,287
Bananas, fresh and dried	328,412	288,566
Peppers	15,582	3,827
Kola Nuts	3,537	5,394
Ginger	5,437	8,992
Piassava	43,554	22,025
Rubber	719,040	459,529
Wood and Timber	1,115,030	746,759
Hides and Skins	3,445,731	2,865,191
Tin Ore	4,241,393	3,221,264
Gum Arabic	40,178	26,542
Gold, raw	362	1,884
Coal	167,942	103,273
Columbite	230,605	152,035
Wolfram	1,246	1,032

By far the greatest proportion of Nigeria's aggregate trade is with the British Commonwealth of Nations, principally with the United Kingdom. The United States, though far behind, has consistently ranked second to the United Kingdom. Tables 2 and 3 show the extent to which the United States, the United Kingdom and other leading countries participate in the external trade of Nigeria. In 1949 total imports (excluding specie) into Nigeria were estimated at £56,000,000 (compared to £18,481,193 in 1946) of which the United States accounted for £1,900,000. In the same year, Nigeria's domestic export trade amounted to about £57,000,000 (compared to £23,625,715 in 1946) of which the United States took approximately £8,500,000 and the United Kingdom about £44,000,000. The principal exports to the United States were cocoa, valued at about £5,000,000 and hides and skins and columbite amounting to about £2,250,000 and £350,000 respectively. Other exports to the United States included

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spices, vegetable fiber, timber and rubber.

All of the foregoing figures pertaining to trade with the United States are believed greatly undervalued because of the complications of the cocoa trade. The actual value to Nigeria of the cocoa shipped to the United States should include substantial quantities that are re-exported from the United Kingdom. It is also believed that at least £1,000,000 should be added to the value placed on cocoa shipped directly from Nigeria.

The principal imports from the United States into Nigeria are given in Table 4.

Table 2. - NIGERIA'S IMPORTS BY PRINCIPAL COUNTRIES OF ORIGIN; 1948 AND 1949.

Country of Origin	1948	1949(estimated)
United Kingdom	£21,362,112	£44,000,000
Japan	-	4,800,000
Germany	-	4,100,000
Italy	-	2,400,000
United States	4,726,000	1,900,000
Holland	1,494,123	1,150,000
Belgium	-	1,150,000

Table 3. - NIGERIA'S DOMESTIC EXPORTS, BY PRINCIPAL COUNTRY OF DESTINATION, 1948 AND 1949.

(In pounds sterling)

Country of Destination	1948	1949(estimated)
United Kingdom	£29,306,034	£44,000,000
United States	4,403,343	8,500,000
Holland	7,283	1,900,000

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Table 4. - PRINCIPAL IMPORTS FROM THE UNITED STATES INTO NIGERIA: 1948 AND 1949

(In dollars)

Commodity	1948	1949
Manufactured tobacco	2,172,724	2,560,000
Flour	760,824	1,280,000
Spare parts for automobiles	296,664	660,000
Light trucks and Station Wagons	267,476	536,000
Mining and Timber Machinery	404,122	400,000
Tractors	10,188	240,000
Casks and drums for palm oil	-	124,000
Typewriters	95,684	4,000

Tariff Structure

The Customs Tariff of Nigeria is nonpreferential and is chiefly for revenue. Customs and excise revenue have accounted for over 50 percent of total revenue in the years since the war. Direct taxes in the 1949-50 fiscal year brought in about 20 percent of total revenue. The greater part of the customs revenue is derived from specific duties, inasmuch as most dutiable items listed in Nigeria's present customs import tariff are subject to duty on a specific basis. A large number of articles are dutiable at either a specific rate or an ad valorem rate of 20 percent, depending on whichever is higher.

A number of commodities are exempt from payment of custom import duties. Included among these are agricultural and mining machinery, implements and tools, some drugs and pharmaceuticals, scientific apparatus, and various other articles deemed necessary for the economic and social advancement of the country. Export duties are levied on the more important raw materials entering Nigeria's external trade. Included among the products subject to duty on exportation are hides and skins, peanuts, palm oil and kernels, and cocoa. Duties on all these items were substantially increased in 1948.

Packaging Requirements

Owing to very damp and insect-ridden local conditions, as well as clumsy stevedoring and a heavy incidence of pilfering, the most extreme care should be maintained in packing for shipment to Nigeria. Marking regulations are similar to those in the other British colonies.

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SALES POTENTIALITIES

Purchasing Power

There are no reliable estimates of the national wealth or income although it has been increasing substantially in the past few years. Living standards are extremely low and primitive outside the urban centers and it will undoubtedly be several years before any substantial improvement is noted. Because of greatly increase prices paid Nigerian farmers for the most important exports it is evident that there is an increased purchasing power in the hands of the natives. There were about £31,000,000 in notes and currency in circulation in 1949 which is a substantial increase over 1947. There is reason to believe however that a large part of the increase is being held by individuals against the future rather than being spent as had been anticipated. At the end of 1949 there were large quantities of overstocked cotton goods for which there was apparently only a limited market in spite of the amount of money known to be in circulation.

In the past few years there has been greatly increased business activity among Nigerians; it is mostly on a very petty scale and consists of selling imported goods in small quantities although many Nigerian businessmen are interested in entering the export trade.

Outside the traders and professional people in major cities, which though small in number is ever increasing, the indigenous population of Nigeria exists on very low incomes, although gross incomes are much higher than in prewar years. Bartering and exchange of goods for which no money is paid is fairly common. The latest estimates of a family income is placed at about £20 a year of which at least 5 percent was paid in direct or indirect taxes almost entirely to Native Authorities.

There is an abundance of labor although most of the force available is unskilled. The wage scale is low but because of low productivity and frequent strikes, labor costs are comparatively high. In the last few years living costs have risen rapidly and the cost of living is generally estimated at about three times that of prewar years. Despite the rising cost of living, most noticeable in the largest cities, the amount on deposit in the Postal Savings Bank has greatly increased and at the beginning of 1950 was over £2,900,000 compared to slightly over £200,000 in 1939-40.

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Indicators of Business Activity

Internal trade can best be measured through imports because other statistics are either nonavailable or are not sufficiently comprehensive.

There were just over 10,000 passenger automobiles in Nigeria at the first of 1950, ownership of which is concentrated among the wealthy natives and resident European (gasoline costs about 40 cents an imperial gallon). Those individuals who own private automobiles usually own radios and gas or electric refrigerators. Newspaper circulation is estimated on a weekly average to be about 325,000 and is expanding with the growth of literacy and political consciousness which have increased substantially in the postwar years. There are no legitimate theaters and there are no productions except for native plays or European amateur theatricals. Motion pictures, especially American made, are in great demand, and natives will often deprive themselves of necessities in order to buy admission (the cheapest ticket costs about $.07) to one of the 25 open-air theaters in Nigeria which have a total seating capacity of about 13,000.

Since most rural dwellings are mud and straw huts and most urban houses are corrugated iron shacks, no adequate construction indices are available. There has, however, been considerable building activity of a substantial nature in the larger cities in the postwar years, although there is still a housing shortage in Lagos. Building restrictions in force in Lagos prohibit the erection of additional iron shacks and there are plans for razing large areas of slums.

Indicators of Demand

The Moslem population of the north, which constitutes nearly 50 percent of Nigeria's population, is directed by its religious beliefs in its economic wants. These people use large quantities

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of white cloth for robes, and because of their great conservatism and unwillingness to change have a greater resistance to the gaudier aspects of Europeanization than do the southerners. The standard moslem religious taboos, such as their abhorrence of pork and alcohol must always be borne in mind in dealing with this section of the country. The large southern population is limited only by income in its absorption of western goods, particularly of personal items possessing the qualities of bright color, high finish and cheapness, although of late there have been signs of increasing discrimination, particularly in the larger cities. Cotton prints in special stylized design are in the highest demand by members of the Yoruba and Ibo tribes of the south; this forms the dress of both men and women all of whom are most particular about the color and patterns they choose.

Nigerian housing is still very primitive; in the cities the great majority are tin shacks while in the country mud and wattle is used. Few houses are wired for electricity and the demand for household appliances is limited. Most Nigerians prefer a monotonous starch diet of local grains and yams despite Government efforts at diversification. Although machinery is being imported in larger quantity than before a longer period of careful training and instruction is essential if local labor is to be used.

DISTRIBUTION FACTORS

Distribution Centers

Most imports and exports pass through Lagos and Port Harcourt. Lagos is the most important internal distribution center, though Kano distributes a great deal in the northwest, Jos in the plateau region; Yola and Maiduguri in the East, Makurdi and Lokoja in the interior; and Enugu and Onitsha in the South.

Foreign Trade Operations

Most of the importing and exporting is done by a few large firms with head offices in England, France, and Switzerland and with branches throughout West Africa. These firms control the bulk of the African products, and operate as distributors, wholesalers, and retailers of various lines of goods. The local branch managers usually buy and sell on the basis of an indent from, or recommendation to, their head offices in Europe.

Every one of the several hundred thousand native traders in Nigeria is a potential importer or exporter, though usually quite unreliable and inexperienced as to business dealings and credit. Most are anxious to import, and, to a lesser degree, to export. These traders range from fairly large wholesale houses to myriads of "pitchmen" selling their products in the streets. Most of the reliable wholesalers and retailers are the big European-owned

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trading companies, which have the tendency to neglect American importers and exporters in favor of European contacts, though this is becoming less apparent so far as exports are concerned as a result of the dollar shortage. A few American companies, such as the petroleum products importers, retain direct distribution and supervisory sales staffs, with excellent results. Sales and distribution can be "farmed out" to a greater or less degree, but company representation is desirable.

Aid to Distribution.

Warehousing facilities are poor, and reliable storage facilities can best be obtained through construction or lease of warehouses, if business is not being handled through a large European trading company.

Local advertising agencies are comparatively ineffective, but one shows considerable promise and could easily be developed under direct guidance by representatives of American firms.

In considering the establishment of direct offices in Nigeria, it should be pointed out that despite the country's reputation as "the white man's grave," the larger cities are not particularly dangerous for American representatives if reasonable medical precautions are observed.

TRADE PRACTICES

Customary Terms of Sale

Goods may be sent f.o.b., port of shipment, but most merchants prefer quotations on the basis of c.i.f., port of arrival, inasmuch as ad valorem customs import duties in Nigeria are based on the c.i.f. price of the goods to the importer. The large European firms may ask a 30- or 60-day credit, which is ordinarily granted. A limited number of the better African firms are also extended credit upon request. The small indigenous trader should generally be required to effect payment by means of an advanced payment or an irrevocable confirmed letter of credit.

Established Customs

English is used as a language of correspondence by all commercial interests except a few native traders in the north, who use Hausa, the "trade language" of all West Africa. Any American commercial representatives in Northern Niger would do well to learn this language.

Hours of business throughout Nigeria are usually 8 to 12:30 a.m. and 2:30 to 4:30 p.m., although some concerns, such as the banks, work straight through from 7:30 a.m. until around 2 p.m., Government hours are from 8 a.m. to 2 p.m.

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Since European-style food and lodging are rather scarce, particularly outside Lagos, any business visitor is usually invited to lodge and dine with the person with whom he is dealing. There are however about 18 strategically located catering resthouses maintained by the Government at which adequate comforts are obtainable at very reasonable cost.

When selling to or buying from all except the largest African commercial firms, it is well for the American to take care of as much of the official documentation as possible.

Rather heavy personal income taxes (up to 9 shillings to the £) are levied on monies derived in Nigeria, and a corporate profit tax of about 45 percent is levied against corporations in Nigeria, represented either directly or by a direct agent. In the case of agencies in the hands of local concerns, the local concern absorbs the tax but will naturally pass it on to the represented company. This latter tax also is applicable only to monies derived in Nigeria.

Willard Quincy Stanton
American Consul General

Sources:

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Nigeria Gazette
Newspaper

Copy to Office of the Administration's Special Representative, Economic Cooperation Administration, % American Embassy, Paris.

Copy to American Embassy, London.

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